

February 2008

Dear Municipal Official,

The State Planning Office is pleased to provide templates for establishing nonprofit education foundations in accordance with PL 2007, Chapter 405. The attached two templates provide investment standards and organizational by-laws for foundations' board of directors.

Under Maine law, municipalities have the authority to accept donations for any specified public purpose. These statutory provisions govern acceptance of the donated funds, their investment, and their use. PL 2007, Chapter 405 grants explicit authority to establish nonprofit corporations to support local education. It also directs SPO to recommend growth standards governing the expenditure of those funds and to develop standards for a municipality to qualify for dedicated bond proceeds above \$20,000 as seed money for the foundation.

We set out those standards as follows:

Growth Standards

1. The foundation funds earn sufficient income to offset all expenditures made.

Qualification Standards for Use of Dedicated Bond Proceeds

1. A nonprofit educational foundation is established pursuant to 30-A MRSA §5724, sub-§10, the Maine Non-profit Corporation Act, and Section 501(c)(3) of the Internal Revenue Code.
2. The nonprofit educational foundation adopts by-laws in accordance with 30-A MRSA §5724, sub-§10, the Maine Non-profit Corporation Act, and Section 501(c)(3) of the Internal Revenue Code.
3. The nonprofit educational foundation adopts investment standards in accordance with 30-A MRSA §5724, sub-§10, the Maine Non-profit Corporation Act, and Section 501(c)(3) of the Internal Revenue Code.
4. The municipality must match the bond proceeds with two dollars of municipal funds for every one dollar of bond funds.